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SUBJECT: ARGENTINE FARM SECTOR DECLARES SEVEN-DAY STRIKE

REF: A. Buenos Aires 331  
[1](#)B. Buenos Aires 315  
[1](#)C. Buenos Aires 285

[1](#)1. (SBU) Summary: Farm groups initiated a seven-day strike on March 21 to protest against high export taxes and the lack of government support for the sector. Producers have stopped marketing most grains, oilseeds, and cattle, and are blocking some highways in rural areas. Support for the strike has been widespread among agricultural producers, who face major losses due to the recent fall in world prices and the extensive drought that has affected many of the main producing areas. The strike was announced after producers were unable to win congressional agreement to reduce export taxes and the GOA announced that it will share 30 percent of the revenue from soybean export taxes with provinces and local governments, a move widely interpreted by agricultural producers as an effort to fragment the ties of provincial officials in the agricultural regions with the major farm groups in the run-up to midterm elections. End Summary.

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Farmers Strike Again  
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[1](#)2. (SBU) Farm groups started a seven-day strike on March 21 which will last through March 27. During the strike, producers have stopped selling most grains, oilseeds, and cattle. Producers are also holding protests on the highways in rural areas and in some cases blocking traffic, although in general the striking farmers are allowing movement of perishable agricultural products and non-agricultural products. The strike has been widely supported by producers, with only 200 head of cattle entering the main Buenos Aires livestock market on Monday, well below the normal 4,000, and only limited sales taking place for grains and oilseeds.

[1](#)3. (SBU) Tensions between producers and truckers have been high in some of the main protest locations. Protesting producers have alleged in some cases that the government has withdrawn police forces who were keeping the peace. Truckers in rural areas mainly move agricultural products, and will be seriously affected by the strike. As was the case during last year's farm strike, protests by truckers without work could lead to additional disruption of transportation throughout rural areas.

[1](#)4. (SBU) The announcement of the strike came after 100 opposition deputies were unable to get a quorum to hold a special session in Congress on lowering export taxes. Producers are also upset that government will now share 30 percent of the export tax revenue with provinces and local governments. Hugo Biolcati, president of one of the main farm groups (Rural Society), explained that producers were upset that the government apparently did not have money to provide support to farmers, but does have money available for other uses. He charged that the funds will be used to buy support for the

government in the upcoming congressional elections, which President Cristina Fernandez de Kirchner (CFK) has asked Congress to move forward by four months to June 28 from October 25. (reftels B and C)

15. (SBU) The main demands of the protesting producers are for additional assistance to producers affected by the drought, a reduction in exports taxes (including soybeans), and removal of export restrictions for beef, corn, and wheat. They are also asking that the GOA implement previous agreements between the government and farm leaders. Agricultural producers face serious difficulties due to the drop in world commodity prices and an extended drought that has affected the main agricultural regions.

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OFFICIALS CRITICIZE STRIKE  
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16. (SBU) The GOA has been highly critical of the strike, stating that the farm groups have cast their lot with the political opposition against the government as the country gears up for mid-term elections (now expected on June 28 after the government's announcement last week). CFK and other high-level officials have announced that there will be no reduction in the 35 percent export tax for soybeans. The GOA has also announced that it will suspend beef exports if domestic beef prices start to rise as a result of the farm strike.

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Comment  
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17. (SBU) The start of the farm strike comes after four weekly meetings of rural leaders and the Interior and Production Ministers failed to make significant progress in meeting longstanding agricultural sector demands. Farm leaders are now convinced that the government has no interest in reaching an agreement in advance of congressional midterm elections. As has happened so often in this dispute, it appears that the hardliners in both the farm sector and the government (including former present Nestor Kirchner, who has been openly critical of the "oligarchic" farm sector), are once again calling the shots. With the main crop harvest season just starting, many local contacts fear that there will be a repeat of the major disruptions and shortages caused by the intermittent farm strike that lasted from March to June 2008. End Comment.

WAYNE